



**The country's first-ever  
commodity derivatives trading platform**

**Disclaimer**

This brochure is intended solely for general informational and educational purposes. The information contained herein does not constitute any advice, nor does it represent any form of recommendation or endorsement. While reasonable care has been exercised in compiling and presenting the information to ensure accuracy, CSE shall not be held liable for any consequence of their use.

**Chittagong Stock Exchange PLC**

CSE Building, 1080, Sk. Mujib Road, Agrabad,  
Chattogram, Bangladesh

Tel : +880 2333314632-3  
+880 2333320871-2  
+880 2333326801-5

Fax : +880 2333314101  
+880 2333326810

E-mail : [info@cse.com.bd](mailto:info@cse.com.bd)

# **A New Horizon in Bangladesh's Financial Market Infrastructure**

# Commodity Derivatives Segment of CSE is the Country's First-ever Trading Platform and Marketplace for the Trading of Commodity Derivatives Instruments

## A Historic Step in Bangladesh's Financial Market Evolution

The Chittagong Stock Exchange (CSE), a pioneer in modernizing Bangladesh's capital market, has embarked on a landmark initiative to establish the country's first-ever Commodity Derivatives Exchange. Following the regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC), the CSE is set to launch a state-of-the-art trading platform designed to facilitate transparent, regulated, and efficient trading of commodity derivatives contracts.

This landmark initiative aligns with the Government's broader vision to deepen Bangladesh's financial market, empower producers and consumers, and integrate the country into the global commodity trading ecosystem. It addresses a long-standing demand for a structured and regulated marketplace, offering producers, traders, corporates, and investors the tools to manage price risks, ensure fair price discovery, and invest confidently in commodity derivatives contracts.

## What is a Commodity Derivatives Exchange?

A Commodity Derivatives Exchange is a regulated and organized marketplace where futures and options contracts on commodities are traded. It provides participants with a platform to hedge price risks, discover fair market prices, and invest in commodity derivatives transparently and efficiently, while linking local markets to the global economy.

***Trade smart. Hedge risks. Secure your future.***

## Core Objectives of a Commodity Derivatives Exchange

- Efficient price discovery through a transparent and information-based trading platform.
- Risk management for producers, corporates, and investors.
- Market transparency via regulated trading and settlement.
- Support for the real economy by stabilizing commodity supply chain.
- Financial deepening through the introduction of a new asset class.

## Regional Benchmark: Commodity Derivatives Markets in South and Southeast Asia

Country	Major Exchanges	Approx. Annual Turnover in Amt./Contract (FY 2023-24)	Key Notes
India	MCX	USD 3.117 Trillion+ 516.73 million contracts	One of the world's largest multi-commodity derivative markets.
	NCDEX	USD 232.7 Billion 5 million lots	Commodity Exchange, specialized in the agriculture commodities derivatives segment.
Pakistan	PMEX	USD 10+ Billion	Rapidly growing participation from institutions and individuals.
Indonesia	ICDX (Indonesia Commodity & Derivatives Exchange)	6 million+lots	Major contracts in Tin, Crude Palm Oil, and Gold.
Malaysia	Bursa Malaysia Derivatives	22.8 million+contracts	Globally recognized benchmark for Crude Palm Oil (CPO) Futures.
Bangladesh	CSE Commodity Derivatives Market	<b>Ready for Launch</b>	First of its kind, poised to facilitate hedging, risk management, fair price discovery, and trade efficiency as per global standards.

**Bangladesh's entry into this regional ecosystem marks a major step toward financial modernization and economic integration.**

## Why Bangladesh Needs a Commodity Derivatives Exchange Now More than Ever

Bangladesh's economy is growing rapidly, from agriculture and textiles to energy and manufacturing. However, producers and businesses remain vulnerable to volatile global commodity prices for essentials like rice, wheat, oil, cotton, gold, silver, and other metals. A commodity exchange is therefore not optional but necessary to build resilience and efficiency across the value chain.

### A commodity derivatives market will

- Empower businesses to stabilize input costs.
- Help industries plan production confidently.
- Attract foreign and institutional investors.
- Strengthen macroeconomic stability and transparency.

## CSE's Journey and Readiness

**Regulatory Approval:** BSEC has granted CSE a license on March 19, 2024, to operate a full-fledged commodity exchange.

**Infrastructure Setup:** CSE's commodity derivatives exchange has been deployed on a highly resilient, virtualized infrastructure designed for superior performance, scalability, and business continuity across its primary data center in Chittagong and disaster recovery site in Dhaka. The dual-site architecture ensures data replication between DC and DR, hosting over 70 systems on a mix of hypervisors and bare-metal servers. All-flash storage arrays deliver ultra-fast data access with minimal latency, while a redundant network fabric powered by enterprise-grade Cisco equipment and Palo Alto next-generation firewalls provides robust security. Supported by 2×40 KVA UPS units and standby generators, the infrastructure is built for 24×7 uptime to ensure uninterrupted exchange and clearing operations.

**Product Design:** Product (Underlying Commodities) lists with product feasibility study have already been submitted to the BSEC for its review and approval. And draft contract specifications, specifically futures contracts of Gold, Silver, and Crude Palm Oil (CPO), are being designed in consultation with local value chain participants and international experts.

**Stakeholder Engagement:** Training/Certification course, MOCK sessions, and capacity-building programs are underway for potential commodity derivatives brokers, investors, institutional participants, and value chain participants.

## Launching Preparations

**MOCK Trading:** Test runs are being conducted with internal resources and international experts to ensure smooth trading and risk management processes.

**Commodity Derivatives Broker Registration Drive:** Applications for Commodity Derivatives Broker registration and enrollment for existing TREC Holders of CSE and applications for new TREC licenses are open.

**Rules and Regulations & Other Framework:** Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023, and

Chittagong Stock Exchange (Commodity Derivatives) Regulations, 2025 have been approved by BSEC and published in the official Gazette, and related framework and policies are being framed.

**Awareness, Certification Course, and Education:** Nationwide awareness and investor education initiatives are currently underway to prepare market participants ahead of the commodity derivatives market launch. As a part of these initiatives, extensive certification training programs are being conducted to build capacity among future market intermediaries.

To date, more than 250 authorized representatives have completed a two-day-long commodity derivatives certification course. This certification is mandatory in order to become a commodity derivative authorized representative and to operate a trading terminal of a licensed commodity derivatives broker.

### Building a New Ecosystem of Opportunity

The Commodity Derivatives Segment will create entirely new business and professional domains in Bangladesh, expanding commercial, operational, regulatory, and advisory opportunities beyond traditional stock brokerage:

**Assayers:** ensuring standardized quality testing, grading, and certification of commodities to ensure transparency and trust in physical deliverables.

**Warehouse & Logistics Operators:** Providing robust storage, delivery, and supply-chain support to ensure smooth market functioning and settlement.

**Clearing Participants:** Managing clearing, margining, and settlement operations to ensure trades are executed efficiently and risk is properly mitigated.

**Research & Data Firms:** Generating market research, analytics, pricing forecast models, fundamental and seasonal trend analysis, and intelligence services to support informed decision-making by market participants.

**Banks & Financial Institutions:** Achieving enhanced functional efficiency by operating through a well-structured and regulated trading platform and opening avenues for providing financing support, margin

facilities, hedging products, and development of structured commodity-linked financial products for corporates, brokers, and investors.

This ecosystem development will not only broaden the professional landscape but will also catalyze new employment, innovation, and investment across multiple sectors, boosting GDP growth and economic resilience.

### Business and Revenue Opportunities for Commodity Derivatives Brokers

Commodity derivatives brokers at CSE are poised to benefit from a wide range of lucrative and sustainable revenue opportunities within Bangladesh's emerging commodity market ecosystem:

**Brokerage Commission:** An opportunity to earn commission on each commodity derivatives contract traded, with tiered rates structured to reward high-volume clients and active market participants.

**Clearing Fees:** Generate steady income by offering clearing services to non-clearing members or Trading Members (TMs).

**Advisory and Research Services:** Earning revenue by providing premium market in-depth research, and tailored hedging strategy consultancy to clients seeking informed and strategic trading decisions.

**Margin Funding :** Earning interest income through client margin funding activities, creating an additional and recurring revenue stream that complements core trading operations.

**Regulatory Oversight:** Full support and oversight from regulator and CSE, ensuring fair, transparent, and credible commodity market operations which may create business opportunities directly and indirectly.

### Benefits to the Economy

- Farmers and producers gain stable pricing and reduced risk.
- Industries plan costs efficiently and enhance competitiveness.
- Banks and financial institutions engage in hedging against price volatility, collateral management, and financing.



- Investors access new instruments for portfolio diversification.
- Infrastructural development is accelerated through the establishment of modern warehousing, logistics, and delivery systems aligned with global standards.
- The market creates greater scope for foreign direct investment (FDI) by attracting global commodity traders, financial institutions, and technology providers.

Bangladesh's economy will experience greater transparency, liquidity, and resilience amid global price volatility. The development of a vibrant commodity market will contribute to GDP growth by fostering efficient price discovery, expanding trade activities, and attracting investment across related sectors. Strengthened infrastructure and increased participation from both local and foreign investors will reinforce the nation's economic foundation, while integration with the global commodity value chain will further enhance Bangladesh's long-term economic resilience.

### Technological Excellence Powering a World-Class Derivatives Exchange

The CSE's new trading platform is built on a world-class, fully integrated technology framework for trading, clearing, risk management, and settlement, in partnership with Millennium IT (UK), Intellect Design Arena (India), and Chella Soft (India). Designed to be multi-asset, multi-channel, robust, and scalable, it ensures seamless end-to-end automation, positioning CSE among South Asia's most technologically advanced exchanges with speed, safety, transparency, and global-standard resilience.

#### Matching Engine- Millennium IT, LSEG (London Stock Exchange Group) UK

CSE's trading backbone is powered by Millennium Exchange, the Ultra-Low Latency engine used by top global exchanges:

- Multi-asset class platform supporting equities, bonds, and derivatives.
- High-performance concurrent order matching with minimal latency.
- Scalable and resilient architecture capable of handling peak market volumes.

- Ensures fair, transparent, and efficient execution for all market participants.

#### Order Management System (OMS)- Intellect Design Arena, India

The Intellect OMS serves as the front-end gateway for brokers and traders, providing real-time market access through multiple channels:

- Multi-channel access across desktop terminals, web, and mobile trading apps.
- Advanced real-time order management and client risk monitoring.
- Integrated risk controls with margin validation for futures and options.
- Highly configurable and scalable design for future asset class expansion.

#### Clearing, Settlement, Risk & Collateral Management- Chella Soft, India

These systems have been developed on a modern, fully automated clearing and settlement platform that strengthens financial integrity and operational resilience:

- Real-time risk management with automated margining and collateral optimization.
- Integrated clearing ecosystem covering Clearing Members (CMs), Trading Members (TMs), Commodity Full Clearing Brokers (CFCBs), and the Clearing House.
- Seamless connectivity with the exchange systems.
- Enhances financial integrity, transparency, and investor confidence.

#### Disaster Recovery (DR) Site (CSE Dhaka Office)

A fully functional Disaster Recovery (DR) Center in the CSE Dhaka office ensures business continuity and data protection:

- Data replication between primary and DR sites.
- Failover capability guaranteeing uninterrupted operations.
- Designed for high availability and near to zero data loss in critical scenarios.

## Initial Contracts to be Launched

CSE plans to begin with globally benchmarked commodity futures contracts, selected based on market demand, import dependency, and economic relevance:

Initial Products	Description
<b>Gold Futures</b>	For jewelers, importers, and investors seeking to hedge or invest in gold prices.
<b>Silver Futures</b>	To support jewellery and industrial demand management.
<b>Crude Palm Oil Futures</b>	For edible oil refiners and importers, managing price volatility.
<b>Cotton Futures</b>	For textile manufacturers to stabilize input costs and ensure price security.

Gradually, CSE will expand to include other agricultural, energy, and metal futures, broadening opportunities for hedgers and investors alike.

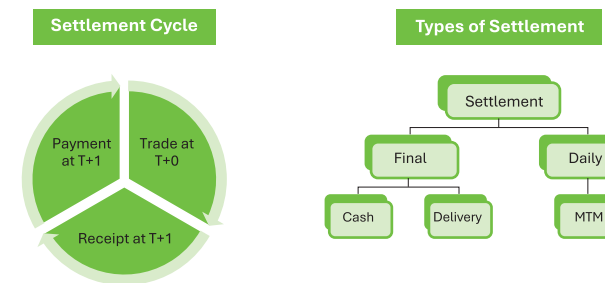
## Category-wise Requirements, Fees, and Monetary Structure for Commodity Derivatives Segment

Broker Category	Requirement	Fees & Deposits	Paid-up Capital
Commodity Trading Broker (CTB)	Must Have CSE TREC	Enrolment Fee BDT 2 Crore+ BMD Tk. 10 Lakh	Minimum BDT 10 Crore
Commodity Trading-cum-Self Clearing Brokers (CTSCB)	Must Have CSE TREC	Enrolment Fee BDT 2 Crore+ BMD Tk. 50 Lakh	Minimum BDT 10 Crore
Commodity Full Clearing Brokers (CFCB)	Must Have CSE TREC	Enrolment Fee BDT 2 Crore+ BMD Tk. [1+ (n*0.5)] Crore	Minimum BDT 50 Crore
Commodity Professional Clearing Participant (CPCP)	*TREC not required	Non-refundable Fee of Tk. 50 Lakh	

\* Bank or financial institutions which is registered as custodian or security custodian may perform the role of commodity professional clearing participant to settle trades, if such entity is recognized as CPCP by the Commission.

## Settlement Cycle

The settlement process in the CSE commodity derivatives market is designed to ensure transparency, efficiency, and robust risk control through a structured and time-bound settlement framework. The process encompasses two distinct types of settlement: Daily Mark-to-Market (MTM) Settlement and Final Settlement, each serving a specific purpose in the lifecycle of a futures contract. The diagram below illustrates the types of settlement applicable to CSE commodity derivatives contracts:



Settlement Type	Basis	Flow Timing
Daily MTM Settlement	DSP (Daily Settlement Price)	End of each Trading Day (T+0)
Final Settlement	FSP (Final Settlement Price) at Contract Expiry	Final Expiry Day

## Mechanism

- At the end of the day of each trading day (T+0), the profit or loss, both notional and realized, for all open and closed positions is calculated. The resulting mark-to-market (MTM) profit or loss is then credited or debited to the respective brokers' settlement account on "T+1" settlement date.
- The commodity broker will debit or credit the daily MTM profit or loss of a particular client to the financial ledger of that client.
- At expiry of the cash-settled contract, all open positions will be closed out and settled in cash at FSP (Final Settlement Price) on expiry day.
- If the margin falls below the required maintenance margin level during trading, additional margin/top-up shall be required as per real-time margin calls.

## Risk Management Framework

The CSE commodity derivatives market operates under a comprehensive risk management framework designed to ensure the integrity, stability, and security of all trading and settlement activities. The framework integrates multiple layers of safeguards that work collectively to mitigate counterparty, market, and operational risks. The diagram below illustrates the risk management framework of CSE, highlighting the key protection mechanisms and their interlinkages:

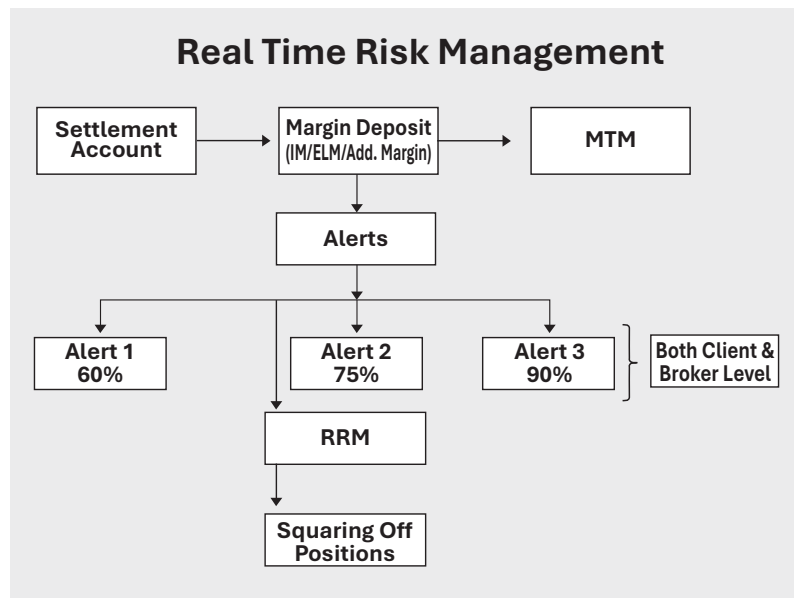
### Core Safeguards

#### 1. Commodity Settlement Guarantee Fund (CSGF)

Provides a financial safety net to meet settlement obligations in the unlikely event of a member default, ensuring market continuity.

#### 2. Base Minimum Deposit (BMD)

Acts as a foundational deposit requirement for each broker as categorized in the respective regulations, ensuring financial soundness and commitment to risk management obligations. Mentionable that no exposure shall be given by CSE on BMD.



### 3. Margin Deposits

Collected from brokers and clients to cover potential losses arising from adverse price movements.

- Margins shall be deposited in cash (in upfront and/or based on calls).
- Margin shall be utilized (booked) against open positions (long and short) and daily MTM losses.
- 20% of the total margin is maintained as exposure-free maintenance margin, while the remaining 80% supports trading exposure through various components such as initial margin, extreme loss margin, additional margin, tender period margin, and delivery margin.
- Margins shall be calculated at the trade level on a real-time basis.
- Client level gross margin shall be calculated at EoD against the net open position based on the daily settlement price (DSP).

### Risk Controls

#### • Real-Time Monitoring

CSE's systems continuously track margin utilization and risk exposure across all participants.

#### • Risk Reduction Mode (RRM)

Triggered automatically when margin utilization crosses predefined thresholds, restricting further exposure and enforcing risk containment actions until compliance is restored.

## Probable Trading Hours

The CSE Commodity Derivatives Market will initially operate from 10:00 AM to 5:00 PM (BST) during the launch phase, ensuring a smooth transition, familiarization for participants, and operational stabilization. As market participation grows, trading hours may gradually extend; the session could run until 11:00 PM (BST) to match major international commodity markets. This extended session is essential to ensure Bangladesh participants can observe, react to, and align price levels with real-time global benchmarks, enabling more accurate domestic fair value pricing.

**Strengthening Markets.  
Empowering the Economy.**

### International Affiliations

**CSE is a member of**

